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**LIKUD AND LABOR ENDORSE PLAN
TO FORM A UNITY GOVERNMENT**
By Hugh Orgel

TEL AVIV, Dec. 21 (JTA) -- A Likud-Labor coalition government was virtually assured Wednesday.

Likud's Central Committee approved Prime Minister Yitzhak Shamir's agreement with the Labor Party by a comfortable, if not spectacular, 55 percent majority.

The actual vote, called in the wee hours of Wednesday morning, was 796-642, with most of the committee's 1,500 members participating.

But the stormy all-night session at Tel Aviv's Yad Eliahu sports stadium came close at times to an open revolt against Shamir's leadership by the party's hard-line ideologues.

The 73-year-old premier was repeatedly booed, shouted down and heckled. Grim-faced and gesticulating wildly as he sought to make himself heard, Shamir at one point exclaimed in disgust, "This is a circus."

In contrast, the meeting of the Labor Party's 1,150-member Central Committee Wednesday afternoon at the Shavit cinema in Givatayim was a relatively tame affair. The major disruption came from feminists, angry at the denial of Cabinet posts to women in the party leadership. (See separate story.)

Labor's internal differences over an alliance with the Likud were settled at a Central Committee meeting two weeks ago, where the pro-coalition forces prevailed. Wednesday's session was called to ratify the earlier decision.

It did so by a vote of 361-164, with less than half of the members casting ballots.

Threats From Shamir

Shamir had a tougher time than his Labor counterparts. He prevailed by a combination of persuasion and threat, arguing that the international situation calls for "as broad a government as possible."

He was referring clearly to the American decision to hold a dialogue with the Palestine Liberation Organization, which came as a shock to Israel.

Shamir insisted that Likud could find common ground with Labor in opposition to a Palestinian state, one of the few issues on which the two ideologically opposed parties agree.

The premier warned that if the coalition agreement was rejected, he would abandon his efforts to form a government. He also hinted broadly that he would resign from the Likud leadership.

Shamir's mandate to establish a government expires Monday. He maintained at the all-night meeting that it is now impossible to form a narrow coalition with the ultra-Orthodox and extreme right-wing parties. His opponents shouted their disagreement.

Shamir was backed by Moshe Arens, one of his closest associates, who is slated to be foreign minister in the new government.

He also had the support of Housing Minister David Levy, whose power base is in the Sephardic community, and Benjamin Begin, a freshman member of the Knesset who is the son of former

Premier Menachem Begin.

The opposition to the coalition pact was led by Herut hard-liner Ariel Sharon, who chaired the Central Committee session.

His hopes to recapture the defense portfolio he was forced to relinquish during the Lebanon war were dashed by Shamir's agreement to let Laborite Yitzhak Rabin stay on as defense chief in the new government.

Sharon leveled his attacks mainly at Labor Party leader Shimon Peres, whom he accused of being soft on the PLO.

Religious Bloc In Opposition

Nevertheless, he did his best to silence hecklers of Shamir, banging his gavel and demanding the prime minister's right to be heard.

That did not prevent Sharon from hurling his own barbs at Shamir for agreeing to a coalition with Labor.

Sharon was supported by Yitzhak Moda'i, a former finance minister and political hard-liner from Likud's Liberal Party wing.

Their opposition to a coalition with Labor was equaled by their anger over what they saw as Shamir's betrayal of the religious parties. Sharon and Moda'i were the principal negotiators when Likud was courting the Orthodox bloc. They said they felt they had been "used."

Sharon said he was "ashamed at having made promises to the religious parties, at Shamir's express orders, only to find them disregarded and rescinded in order to gain Labor's support for a broad coalition."

Moda'i expressed frustration at "being sent by the prime minister to beg and humiliate myself before the religious parties," only to discover the promises he made were worthless.

The religious parties, which for weeks had savored the role of king-makers, are furious over the turn of events. The Agudat Yisrael, Shas and Degel HaTorah parties announced they would not join the broad-based coalition.

The National Religious Party said it would seek further clarification from Shamir before deciding.

Degel HaTorah appealed, unsuccessfully, to the Jerusalem District Court to bar the two major parties from officially announcing their broad coalition Thursday. Degel wants to sue Shamir and Likud for breach of promise.

Meanwhile, the far right-wing Tehiya party, which said it would join the coalition if only to neutralize Labor's influence, announced categorically Wednesday that it would go into the opposition.

**LABOR BLASTED FOR EXCLUDING WOMEN
AS CABINET MINISTRIES TAKE SHAPE**
By Hugh Orgel

TEL AVIV, Dec. 21 (JTA) -- Angry feminists assailed Labor Party leader Shimon Peres Wednesday for excluding women from the Labor side of the proposed new Labor-Likud coalition Cabinet.

Peres was unable to complete his closing speech at the Labor Central Committee meeting in a Givatayim movie house late Wednesday.

A phalanx of women on the committee drowned him out with shouts of "police state"

and "no women, no Cabinet."

The demonstration followed an unusually tame session of the Central Committee, which easily ratified Labor's new coalition agreement with Likud.

The demonstration was in reaction to Peres' refusal of a Cabinet portfolio to Knesset member Ora Namir. He told her the best he could do was a deputy ministership.

She declined and left the hall seething.

Earlier, Peres informed Shoshana Arbeli-Almoslino, health minister in the outgoing government, that she would not be included in the new one. He offered no explanation.

The Labor veteran was shocked and said she had been grievously wronged.

11 Ministers From Each Party

Labor's ministerial delegation was drawn up by Peres Tuesday night, reportedly in consultation with the party's No. 2 man, Yitzhak Rabin.

Rabin is believed to have supported Namir for a ministerial job, and was said to have left the hall in a huff.

There are no women in Likud's ministerial delegation.

Peres named 11 ministers to match the 11 appointed by Prime Minister Yitzhak Shamir, the Likud leader. The coalition agreement provides for parity between the partners.

In addition to Peres, who will be finance minister in the new government, and Rabin, who will be defense minister, Laborites named to the Cabinet include Yitzhak Navon, Ezer Weizman, Moshe Shahal, Gad Yaacobi, Haim Bar-Lev, Ya'acov Tsur, Avraham Katz-Oz, Uzi Baram and Mordechai Gur.

Rafael Edri was designated a standby in the event that Shamir names a 12th Likud member of the Cabinet.

Baram, the Labor Party's secretary general, withdrew his candidacy at the last minute, saying his party job was sufficient. He also objected to the absence of a woman minister.

Peres refused to accept his withdrawal.

Baram led the party faction opposed to an alliance with Likud at the Central Committee meeting two weeks ago.

Moda'i Stalks Out

Shamir's announcement of Likud Cabinet appointees also did not run smoothly at the Likud Central Committee meeting in Tel Aviv early Wednesday morning.

Political hard-liner Yitzhak Moda'i, who opposed the coalition with Labor, stalked out of the hall and threatened to pull his Liberal faction out of Likud.

His anger was fueled by Shamir's apparently inadvertent omission of Likud Liberal Avraham Sharir, who served as minister of justice and tourism in the outgoing government.

Liberal ministers sent urgent notes to Shamir, who acknowledged he had made a mistake and promptly repaired it.

There will be three new Likud ministers, Knesset members Dan Meridor, Ronni Milo and Ehud Olmert.

Except for David Levy, who will continue as housing minister, Shamir did not announce Cabinet assignments. Moshe Arens is known, however, to have been selected as foreign minister.

The other Likud Cabinet members are Moda'i, Moshe Nissim, Moshe Katsav, Ariel Sharon, Gideon Patt and Sharir.

PERES TO HAVE LITTLE SAY IN ISRAEL'S FOREIGN POLICY By Hugh Orgel

TEL AVIV, Dec. 21 (JTA) -- Labor Party leader Shimon Peres, designated as finance minister in the new Labor-Likud coalition government, will have little say in the conduct of Israel's foreign policy, according to media reports here Wednesday.

The reports said that Peres, who has been foreign minister for the past two years, would be given access to all secret diplomatic cables and messages, under a secret pact with Prime Minister Yitzhak Shamir, the Likud leader.

But the agreement makes clear that all matters concerning foreign relations will be the sole province of the Foreign Ministry, the reports said.

Moshe Arens, a Herut hard-liner close to Shamir, will be named the next foreign minister.

The Labor-Likud pact also reportedly provides that there will be no change in the status of the West Bank or Gaza Strip unless both parties agree.

Other stipulations bar budgetary or financial discrimination between the country's secular and religious school systems.

The two parties agreed that the heads of Mossad, Israel's intelligence agency, and Shin Bet, its internal secret service, will be appointed only after agreement among Shamir, Peres, Arens and Yitzhak Rabin of Labor, who will remain defense minister.

A yet unresolved disagreement between Peres and Shamir arose Wednesday morning, when the prime minister's plans to name Likud-Herut minister David Levy as "vice deputy premier" became known.

Peres insists there can be only one deputy premier -- himself.

QUAYLE PICKS JEWISH LAWYER AS HIS CHIEF OF STAFF By Howard Rosenberg

WASHINGTON, Dec. 21 (JTA) -- Vice President-elect Dan Quayle has selected Robert Guttman, a Jewish lawyer, to be his chief of staff.

Guttman, 60, was born in Munich, Germany, but fled the country with his parents during the Nazi regime, according to James Carroll, a Quayle spokesman.

Guttman was Quayle's chief counsel in the Senate from 1985 to 1986, and was minority counsel to the Labor and Human Resources Subcommittee on Labor before Quayle's election.

Guttman supervised staff work on the Quayle-authored Job Training Partnership Act, which Carroll termed Quayle's "major legislative accomplishment."

Guttman came to the United States in the late 1940s, and became a U.S. citizen in 1952.

Guttman had lived for a time with his divorced father in England during World War II, and served as a second lieutenant in the British Army.

When he came to the United States, he lived with his mother in California. He was graduated summa cum laude from Harvard University in 1952, where he majored in government.

Guttman also did graduate work at Harvard and at the London School of Economics. He later earned a law degree from George Washington University.

SHULTZ TELLS JEWISH LEADERS U.S. OPPOSES PALESTINIAN STATE

By Howard Rosenberg

WASHINGTON, Dec. 21 (JTA) -- Secretary of State George Shultz told American Jewish leaders Wednesday that the United States and the Palestine Liberation Organization are engaged in a "very low-level dialogue."

Shultz was very firm in stressing that the United States still opposes a Palestinian state because "it would be unstable," according to Morris Abram, chairman of the Conference of Presidents of Major American Jewish Organizations.

Shultz said that the United States is not pressing Israel to talk to the PLO, and indicated he does not consider the PLO a potential negotiating partner with Israel.

Shultz met for more than an hour with a delegation from the Conference of Presidents. It was his first meeting with the Jewish umbrella group since his announcement last week that the United States would open a "substantive dialogue" with the PLO.

He called that decision a "fait accompli," and said nobody understood the legal basis for the old policy of not talking to the PLO.

But Shultz insisted it signified no change of U.S. policy toward Israel or the Middle East in general, Abram told reporters after the meeting.

He also believes there must be an interim period before a final settlement of the Middle East conflict, as provided by the 1978 Camp David accords.

As for the PLO as a negotiating partner, Shultz said he "certainly did not count them in," Abram reported. He said that the secretary was adamant that terrorism must cease.

When Abram said the only "legitimate way" the PLO can renounce terrorism would be to amend its charter calling for the destruction of Israel, Shultz replied he would "like to see that happen."

SEVEN PALESTINIANS WOUNDED AS MORE STRIKES ARE PLANNED

By Gil Sedan

JERUSALEM, Dec. 21 (JTA) -- Seven Palestinians were wounded in clashes with Israeli security forces in the West Bank Wednesday, and disturbances were also reported in the Gaza Strip, though no casualties were mentioned.

All of the eight refugee camps in the Gaza Strip remain under tight curfew.

A curfew continued in Nablus, where a 26-year-old Palestinian died Wednesday of wounds he received in clashes with security forces last weekend.

The widespread curfews and another general strike by the Palestinian population cast an eerie silence over most of the territories.

The strike marked the first anniversary of "Peace Day," when Israeli Arabs demonstrated in solidarity with the Palestinian uprising. But this time there was no response from the Israeli side of the "green line."

The intifada, as the uprising is called by Arabs and Israelis alike, is directed by an underground command which instructs the population by distributing leaflets.

The latest leaflet called on Arabs to escalate their resistance to the Israeli occupation. It ordered general strikes for Dec. 28 and Jan. 9.

But the commercial strikes that are in effect daily, starting at noon, will be lifted between Dec. 23 and Jan. 5 to allow Arab Christians to do their Christmas shopping.

The underground command also called off a general strike planned for Bethlehem on Christmas Day.

The leaflets have various other instructions. The local Arabic media have been asked hereafter to use the term "the state of Palestine" instead of "occupied territories" or "West Bank."

In addition, the underground command claimed that the uprising forced the United States to deal with Palestine Liberation Organization leader Yasir Arafat.

It expressed full support for Arafat and rejected Israeli Foreign Minister Shimon Peres' promise of free elections in the territories if the intifada ends.

Palestinians living in East Jerusalem were urged not to vote in the Jerusalem municipal elections in February.

EUROPEAN COMMUNITY LEADERS HAIL ARRIVAL OF FIRST FRUIT FROM GAZA

By Henrietta Boas

AMSTERDAM, Dec. 21 (JTA) -- The West German freighter Iunez docked Tuesday at the port of Vlaardingen, west of Rotterdam, to a reception not usually accorded a prosaic refrigerated ship making commercial rounds.

Officials of the European Community and the ambassadors of several Arab and West European countries were on hand to greet the ship, as was the Palestine Liberation Organization's representative from The Hague.

The Iunez, which sailed from the Israeli port of Ashdod earlier this month, brought the first cargo of citrus fruit from the Gaza Strip to be marketed in Europe directly by the Palestinian growers.

Heretofore, agricultural produce from the Israeli-administered territories was handled by Israeli government agencies, Agrexco and the Citrus Marketing Board.

The Iunez carried 1,100 tons of grapefruit, labeled "Gaza Top." There was no Israeli brand name, though the shipment was packed in cardboard cases manufactured in Israel.

The first case was presented as a gift to Dutch Foreign Minister Hans van den Broek.

Under the terms of a contract signed with the European Community in October, 16,000 tons of Palestinian citrus will be shipped to the European market this season. It represents 10 percent of the total Gaza production.

JUDGE GRANTS KOOR A REPRIEVE

By Hugh Orgel

TEL AVIV, Dec. 21 (JTA) -- Koor Industries, the giant Histadrut-owned conglomerate, was given a reprieve from bankruptcy Tuesday.

District court Judge Eliyahu Winograd allowed Koor another month to reach agreements with its many creditors at home and abroad.

Until the court reconvenes on Jan. 22, "Koor will be able to continue its normal activities, as if no liquidation requests were filed against it," Winograd stated.

The judge made clear however that whatever happens, Koor will not be allowed to go under because it is too important to the Israeli economy.

REPORTED SHAKE-UPS AT AIPAC PUT LOBBY BACK IN THE HEADLINES

By Howard Rosenberg

WASHINGTON, Dec. 21 (JTA) -- The American Israel Public Affairs Committee this week has once again hit the headlines of major American daily newspapers.

This time, the subject is internal shake-ups at the Jewish lobby, which has traditionally shied away from publicity.

The latest round of news stories were touched off by the reported "forced resignation" last week of Douglas Bloomfield, AIPAC's legislative director since 1979.

The Wall Street Journal reported Tuesday that Bloomfield was asked to resign last week, upon his return from a trip to Jerusalem.

In a separate move, Edward Levy Jr., AIPAC's president, has asked for the resignations of the entire board of the Near East Report, the pro-Israel newsletter and nonprofit corporation linked to AIPAC.

One point of contention reportedly occurred this summer, when the weekly refused to include comments from a prominent Jewish Republican urging Jews to support the candidacy of Vice President George Bush.

Levy and Robert Asher, AIPAC's chairman, reportedly told the Near East Report that it should include such comments made during the Republican National Convention by Max Fisher of Detroit, considered the dean of Jewish Republican fund-raisers.

The Washington Post Wednesday paraphrased an AIPAC official as saying the newsletter's board was asked to resign, in part, "because AIPAC's officers grew weary of arguing with their own house organ."

Lobbying Approach At Issue

The Near East Report's editor, Eric Rozenman, reportedly resigned in November because of that dispute and because of similar incidents.

AIPAC spokeswoman Toby Dershowitz declined to comment for the record Wednesday on the Near East Report shake-up and the Bloomfield resignation. Bloomfield and Rozenman did not answer telephone messages left by the Jewish Telegraphic Agency.

But according to JTA sources, Bloomfield's "forced resignation" is part of a power struggle between two factions as to what AIPAC should be.

Traditionalists like Bloomfield believe AIPAC's purpose should be limited to lobbying Congress, according to Morris Amitay, a pro-Israel lobbyist who formerly served as AIPAC's executive director.

Other AIPAC staffers, such as Steven Rosen, the director of foreign policy issues, are reportedly trying to use congressional lobbying techniques to influence administration policy.

Amitay, who hired Bloomfield, said in an interview Wednesday that "the best people to lobby the administration are members of Congress."

In the Jewish community, the Conference of Presidents of Major American Jewish Organizations was set up for that purpose, he added.

Rep. Lawrence Smith (D-Fla.), a key supporter of Israel in Congress, told the Associated Press that AIPAC needs to understand "that the real bedrock of Israel's support is the Congress. Administrations come and go."

JURY SELECTED IN L.A. TRIAL OF FORMER JDL MEMBERS

By Tom Tugend

LOS ANGELES, Dec. 21 (JTA) -- A jury was selected Tuesday in the trial of an American-Israeli couple and a wealthy Los Angeles real estate broker, who stand accused of mailing a disguised bomb device to a local computer firm eight years ago that killed a secretary at the firm.

The three defendants, all former members of the Jewish Defense League, are:

- Robert Manning, 36, a resident of the West Bank settlement of Kiryat Arba, who is still in Israel.

According to U.S. government sources, Manning is closely linked to Rabbi Meir Kahane and his anti-Arab Kach party.

He is a prime suspect in the 1985 bomb slayings of Alex Odeh, an Arab-American activist, in Santa Ana, Calif., and Tscherim Soobzokov, an alleged Nazi war criminal, in Patterson, N.J.

Efforts by the U.S. Justice Department to have Israel extradite Manning have so far been unsuccessful.

- Rochelle Manning, 48, Robert Manning's wife. She was arrested in June at the Los Angeles international airport as she and her two children arrived by plane from Tel Aviv. Both Mannings hold dual American-Israeli citizenship.

- William Ross, a 51-year-old real estate broker, who allegedly was engaged in a bitter real estate dispute in 1980 with the owner of the computer firm to whom the mail bomb was addressed.

On arrival, the package was opened by secretary Patricia Wilkerson, a 35-year-old mother of two, who was killed instantly.

The prosecution charges that Ross had hired the Mannings, both fellow JDL members, to prepare and send the explosive device.

In a pre-trial hearing, U.S. District Court Judge Dickran Tevzirian ruled that the defendants' JDL membership could not be introduced in the trial.

Despite strong objections from the U.S. attorney, Tevzirian determined that no political motive had been shown in the present case and that mention of the JDL would be "highly prejudicial."

For the same reason, the judge decided that an alleged statement by Ross, describing the intended target of the mail bomb as a "Nazi," could not be admitted.

Tevzirian also barred any mention of Robert Manning's prior criminal conviction for placing an incendiary device at the Los Angeles home of two Arabs in 1972.

The trial is expected to last for about three weeks.

FORMER NAZI GIVEN LIFE SENTENCE

By David Kantor

BONN, Dec. 21 (JTA) -- An 82-year-old former Nazi police officer, Wilhelm Wagner, was sentenced to life imprisonment by a Nuremberg court Monday for the willful murder of three Jews in Poland during the war.

The crime occurred in the town of Wieliczka, near Krakow, in August 1942.

The court visited Israel and Poland to take testimony in the case, which lasted seven months. Wagner will appeal the verdict.